



The President's Daily Brief

January 15, 1975

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FOR THE PRESIDENT ONLY

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USSR-MIDDLE EAST

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has made a bearish assessment of Moscow's prospects in the Middle East.

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This recently expressed Soviet attitude does not mean that the USSR will forgo maneuvering to regain influence in the area. Moscow will certainly continue to cultivate the Arabs while indicating to leaders, such as Sadat, that they must make concessions to Soviet views if they are to receive aid.

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USSR-US

The USSR's decision to renounce the 1972 trade agreement with the US represents a significant change in the Soviet position that may have come about only in the past few weeks.

It was not until December 18, when Congress was about to vote on the trade reform legislation, that Moscow made public the letter Foreign Minister Gromyko had sent to Secretary Kissinger on October 26 denying any obligation to alter emigration policy. Soviet media treatment of the issue subsequently made clear that Moscow is also unhappy that the US is placing limits on the amount of credits available to the USSR and on how those credits could be used.

Two days before the publication of the Gromyko letter, the issue may have been considered at the Central Committee's plenary session. The Central Committee may have approved a tougher line, but it is more likely that the Soviets did not decide to take the final step until sometime last week. Some knowledgeable Soviet officials, for example, until very recently have been telling their US counterparts that all would be well in US-Soviet economic relations.

However the details sort out, there can be no mistaking that Moscow's action is a setback to the USSR's detente-oriented foreign policy line. The prospect of closer economic relations with the US has been a significant factor behind Moscow's desire for detente.

The importance of the economic factor will be indicated by the extent to which the Soviets move to shore up the other aspects of their foreign policy line. The arms limitation agreement reached at Vladivostok may be crucial in this respect; it may turn out to be significant that over the past few weeks the Soviets have continued to say positive things about your summit meeting despite their bitter criticism of the US trade legislation.

Moscow will probably move quickly to give some assurances regarding its foreign policy line in the aftermath of yesterday's revelation, unless there has been a more far-reaching reappraisal than now seems likely to have occurred.

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ISRAEL

The Israeli air force yesterday conducted one of its largest exercises since the October 1973 war over the northern Sinai. It was preceded on Monday by a large air force exercise over the Golan Heights.

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ARAB STATES

Arab League representatives apparently failed to recruit Libya and Algeria as contributors to the Arab War Fund at their meeting in Cairo last week. The total for 1975 still stands at \$1.365 billion--the amount pledged by Middle East oil producers immediately after the Rabat meeting in October 1974.

Algerian President Boumediene and Libyan President Qadhafi, although still willing to provide arms for an Arab-Israeli conflict, apparently have refused to contribute untied cash to the fund. Neither leader is convinced that the "belligerent" countries are committed to a sufficiently hard line against Israel. Moreover, with revenue prospects uncertain, both leaders are beginning to feel some financial pinch.

In view of the shortfall in pledges, Syria and Egypt will now receive \$580 million each, Jordan \$175 million, and the Palestine Liberation Organization \$30 million. Although this is only 58 percent of the original aid allocation of \$2.3 billion specified at the Rabat meeting, these sums amount roughly to the cash contribution (as distinct from project aid) that belligerent states expected to receive.

Jordan recently announced that it has received \$51 million from the fund. [REDACTED]

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TURKEY

The Turkish government is seeking alternative sources of armaments in expectation that US military assistance will end in early February.

Turkish officials previously assumed that a way would be found to avoid the aid cutoff, but the temporary ban instituted last month shocked them out of their complacency.

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Sixteen deputies of the Republican People's Party have reacted to the prospect of an aid cutoff by calling for parliamentary debate on Turkish-American relations, and a Turkish senator is pressing for a senate investigation. These deputies be-

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PORTUGAL

The Popular Democrats and the Socialists are threatening to walk out of the three-party coalition government if the Communists succeed in pushing through a law allowing only a single labor organization.

Leaders of the Armed Forces Movement are trying to placate both sides; they are making concessions to the Popular Democrats and the Socialists on the proposed national economic plan that could lead them to withdraw their objections to the Communist-sponsored labor law. A cabinet meeting scheduled for Friday has been advanced to tomorrow.

The Communists will not surrender the control they have over the labor movement. Furthermore, they think they have found an issue that will cause considerable disarray in the government and may even lead to postponement of the election now expected in April. The Communists have been searching for ways to delay the election until they can build up their strength. The Communists held a mass rally last night to demonstrate "popular support" for their labor law; the Socialists are planning a counterdemonstration tomorrow. The scheduling of these rallies has increased speculation that one side or the other might try a coup in connection with the demonstration.

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TURKEY-GREECE

The Turks have apparently decided to go ahead with oil exploration in the Aegean--an action likely to lead to an increase in tension with Greece.

In responding to charges of negligence in his Aegean policy, Prime Minister Irmak confirmed yesterday that a Norwegian seismic survey ship under contract to Turkey would begin prospecting "before long" off Turkey's western coast. This would place the ship in the disputed zone of the Aegean, where it could be used by the Turks to reinforce their claim. Irmak also repeated Turkey's request that the Greeks agree to a new demarcation line in the Aegean or to a proposal for joint prospecting.

The US embassy in Ankara reported yesterday that the Turkish military alert apparently has been extended to include some ground force units west of Istanbul. A Turkish pilot based at one of the airfields on alert has said that military readiness was increased because of pending Turkish oil exploration in the Aegean.

The embassy has concluded, however, that alert measures taken thus far do not mean that the Turks intend to initiate military action.

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CYPRUS

President Makarios yesterday announced the formation of a new cabinet made up of men who have proved their loyalty to him in the past.

Having excluded all but his supporters from the cabinet, Makarios will probably seek regular consultations with political party leaders in order to maintain a semblance of Greek Cypriot unity.



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Makarios is particularly suspicious of Clerides and will probably try to take credit for any successes in the intercommunal talks that Clerides is conducting with Turkish Cypriot leader Denktash. Clerides and Denktash yesterday began preliminary discussions of political issues and will meet again tomorrow to discuss reopening Nicosia airport and the island's seaports, particularly Famagusta.

The British, in the meantime, are reportedly planning to begin on Saturday to evacuate to Turkey those Turkish Cypriots living in the sovereign British base area in the southern part of Cyprus. Turkish and Turkish Cypriot leaders had earlier voiced concern about the Turkish Cypriots on the base. They will now be under pressure to reciprocate by responding to the humanitarian concerns of Greek Cypriots.

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LAOS

Prime Minister Souvanna Phouma's convalescence seems to be proceeding satisfactorily, but the US embassy is concerned that his half-brother, Lao Communist leader Prince Souphanouvong, is gaining too much influence over him.

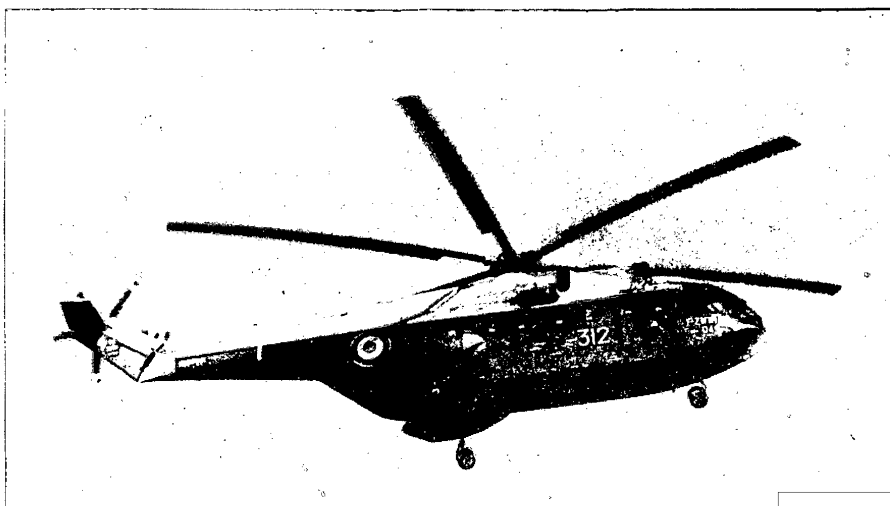
Senior non-Communist members of the coalition, who are based in Vientiane, have only limited access to the Prime Minister, who has secluded himself in the royal capital of Luang Prabang, where Souphanouvong resides. Souvanna certainly is no pawn of the Pathet Lao, nor is there any evidence that he deliberately wishes to complicate US-Lao relations or to seriously undercut the political position of the non-Communist side. His recent actions, however, do suggest he has concluded that if Laos' third coalition experiment is to succeed, the non-Communists must ultimately yield on all but the most important issues in the face of Pathet Lao intransigence.

Ambassador Whitehouse believes that constant exposure to the Pathet Lao point of view has colored Souvanna's judgments and increased his long-standing suspicions of right-wing political and military leaders. This could contribute to Souvanna's inclination to minimize the threat posed by the Pathet Lao's drive for greater power and authority.

The embassy has learned, for example, that the Prime Minister's New Year's address was drafted by either Souphanouvong or Communist Deputy Prime Minister Phoumi Vongvichit. One passage singled out the US as having special responsibility for "healing the serious wounds of war in Laos"--a propagandistic formulation long pushed by the Lao Communists.

Souvanna also recently endorsed Souphanouvong's 18-point national political program, a comprehensive set of domestic and foreign policy guidelines for the coalition government. The program had been pending before the cabinet for more than six months because the non-Communists objected to several controversial provisions. Souvanna, however, appears to have approved Souphanouvong's original proposal more or less intact--almost certainly in response to pressure from the "Red Prince."

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China

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Cuban leader Castro took the position in a press conference last week that the danger of US aggression against Cuba has diminished.

During the remainder of the conference--as reported by the official Cuban news agency--Castro made clear that he has no intention of relaxing his efforts to promote confrontation between the US and the countries of Latin America. Although he hinted that Havana is no longer exporting revolution, he pledged to support "every continental anti-imperialist policy" and to search for any means to counter US influence in the hemisphere.

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